

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE APPLICATION OF THE ALLEN)
COUNTY WATER DISTRICT, OF ALLEN)
COUNTY, KENTUCKY, FOR APPROVAL) CASE NO. 9304
OF CONSTRUCTION, FINANCING AND)
INCREASED RATES)

O R D E R

IT IS ORDERED that Allen County Water District ("Allen County") shall file an original and eight copies of the following information with this Commission, with a copy to all parties of record, by June 14, 1985. If neither the requested information nor a motion for an extension of time is filed by the stated date, the case may be dismissed.

1. Provide an itemized listing of the costs incurred to date for the preparation of this case and an itemized estimate of the total cost to be incurred. Include a detailed explanation of the services provided by each firm or individual rendering services in connection with this case. Indicate any costs associated with this case that were incurred during the test year and which accounts these costs were charged to.

2. Provide a schedule of actual monthly or quarterly (if more readily accessible) operating revenues and expenses for the test year.

3. Provide depreciation schedules for both the existing plant in service and the proposed extension reconciling to the 1984 depreciation expense and the 1985-1986 projected depreciation expense per Appendix A of the Application, including the following:

- a. Description of the asset.
- b. Date acquired.
- c. Cost of the asset.
- d. Depreciation allowed or allowable in prior years.
- e. Estimated life of the asset.
- f. Test-year depreciation expense.

4. For each employee and commissioner, provide the following information:

- a. The name, title and total compensation received during the test period. Include a description and the amount of any fringe benefits paid for each employee and commissioner.
- b. The total number of regular and overtime hours worked per week or month.
- c. A detailed description of the duties and responsibilities of each employee and commissioner.
- d. For each employee and commissioner, provide an analysis showing the changes in the level of wages, and other compensation, from January 1, 1981, to the present, and include any proposed adjustments. The analysis should include an explanation for the change, the date, the amount, and the percentage of each change.

5. Provide detailed explanations, including copies of work papers showing the calculations and assumptions used to determine the pro forma adjustments to the following salaries and labor expenses per Appendix A of the Application:

- a. Manager
- b. Maintenance/Meter
- c. Secretary/Clerk
- d. Accounting

6. With regards to the equipment rental expense, please provide the following:

- a. A copy of the lease agreement (if applicable).
- b. A description of the equipment rented and its purpose with regards to Allen County.
- c. An explanation as to why this expense was not incurred in any prior years.
- d. Copies of work papers showing the calculations and assumptions used to determine the proposed adjustment per Appendix A of the Application.

7. Provide the calculations and assumptions used to determine the proposed adjustments of the purchased water expense and the fuel expense.

8. Provide for the test year an analysis of the transportation expense. The analysis should include a description of vehicles owned by Allen County and the miles traveled by each employee or manager on company business during the test year. Please submit a schedule of transportation expense reimbursed to employees for use of their own personal vehicles on company business. Also, provide a breakdown of all additional items expensed to this account not associated with mileage. This breakdown should include a description of the materials and services purchased and the amounts. The total amount of the analysis should reconcile to the transportation expense per Appendix A of the Application.

9. Provide a detailed explanation, including copies of work papers, of the calculations and assumptions used to determine the proposed adjustment of the transportation expense per Appendix A of the Application.

10. With regards to the anticipated rent, utilities, and telephone expenses, please provide the following information:

- a. Copies of work papers showing the calculations and assumptions used to determine the proposed adjustments.
- b. The estimated date that these costs will begin to be incurred.
- c. The proposed new location (if applicable) of Allen County's office.

11. With regards to the following expenses per Appendix A of the Application, provide the basis, including the calculations and assumptions used, to determine the proposed adjustments:

- a. Operation Supplies and Maintenance.
- b. Maintenance of Mains.
- c. Uncollectibles (include an explanation as to why this expense was zero for 1983).
- d. Office Supplies.
- e. Property Insurance.
- f. Miscellaneous, General.
- g. Dues and Fees.

12. With reference to the past-year expenses per Appendix A of the Application, provide a detailed breakdown of the following expenses. Include in the analysis the check or voucher number, the payee, the amount, the date, and a description of the services, materials and/or labor provided in each transaction.

Items of less than \$50 may be grouped together with a general description of the costs included in each group. The total analysis of each account should reconcile to the amount per Appendix A of the Application.

<u>Expense</u>	<u>Test Year Amount</u>
Operation Supplies and Maintenance	\$ 736.27
Maintenance of Mains	812.80
Office Supplies	1,221.31
Property Insurance	1,515.06
Miscellaneous, General	221.77

13. Provide a detailed explanation, including copies of work papers, of the calculations and assumptions used to determine the requested revenue increase.

14. Allen County filed hydraulic analyses for the proposed water distribution system with its Application on March 22, 1985. This information indicates that the potential exits for the water line on Ky. 98 to experience low pressure (less than 30 psig) near the end of the proposed water line. Provide details of any preventive measures and/or additional construction that Allen County intends to perform to protect against this type of occurrence. Details should be documented by hydraulic analyses and field measurements.

15. Allen County filed a Preliminary Engineering Report with its Application on March 22, 1985. This information indicates that a hydropneumatic station and a booster pump station are to be included in this project. However, the plans filed in this

case do not indicate these two items. Please state if these two items are included in the proposed project. If they are still included provide location, proposed operation, etc. Details should be documented by hydraulic analyses and field measurements.

16. Provide a separate breakdown for the Corps of Engineers and Pardue Mobile Home showing annual usage and revenue collected. Please show in detail how you arrived at the revenue shown on page 14 of the Application for these two users. In addition, please explain Base and Average shown for these customers.

17. Page 15 of the Application shows the Corps of Engineers using 1,475,000 gallons. The statement is made that this customer does not use this much water, but contracts for a guaranteed usage of 55,000 gallons per month (660,000 gallons annually). Please explain how you arrived at the figure of 1,475,000.

18. The billing analysis on page 14 shows 292 customers served during the test year. Page 9 of the Application and the 1984 Annual Report shows 310 customers served. Exhibit B, page 2, shows that the District currently serves 250 customers. Please explain these discrepancies.

19. Please explain why you are proposing to change the current rate design by adding a step (over 70,000 gallons). How will this change benefit the customers and the District?

20. Are all current fees and special charges such as connections fees compensatory?

Done at Frankfort, Kentucky, this 7th day of June, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Lemmon
For the Commission

ATTEST:

Secretary